



SENT TO COUNCIL:

Forwarded on:

FEB 23 2001

by Council Liaison's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Sanchez

SUBJECT: DEPARTMENT OF HOUSING'S
LEGISLATIVE PROGRAM

DATE: February 15, 2001

Approved

Deanna J. Salas

Date

2-21-01

INFORMATION

BACKGROUND

On January 16, 2001, the City Council approved the recommendations of the Mayor's Housing Production Team. Contained in the memorandum was direction to the Administration to increase legislative efforts for affordable housing. The ongoing status of this and all other Housing Production Team recommendations will be a standing item on the agenda of the monthly meetings of the Economic Development and Environment Committee.

ANALYSIS

Since the inception of its affordable housing program, the City of San José has maintained a strong presence in Sacramento and Washington DC in an effort to influence and shape housing policy. Through the work of the Office of Intergovernmental Relations, respective City departments and City lobbyists, San José has been at the forefront of policy discussions on affordable housing. Furthermore, due to the success of its affordable housing programs, the City's Housing Department is frequently contacted by our partners at the State and Federal level to provide expert technical assistance and advice during the development of new housing programs and policies. This section reviews the City's legislative efforts in the field of affordable housing and sets the framework for continued efforts.

Legislative Priorities and Guidelines

The City's Legislative Priorities and Guidelines provide the direction for legislative efforts. On an annual basis, the Housing Department reviews the priorities and guidelines relating to housing and homelessness and makes necessary modifications to ensure that the City keeps pace with area needs and fluctuations in the housing market.

State and Federal Bill Tracking and Analysis

Through coordination with the Office of Intergovernmental Relations, our lobbyists and our partners, the Housing Department monitors new housing legislation that significantly impacts San José. To assist in this responsibility, the Department uses the StateNet legislative tracking service and maintains a simple internal database to generate reports. These systems allow the Department to respond to specific legislation at the most opportune time and in a very efficient manner.

Coordination with State Agencies

The Department of Housing has a very good working relationship with State housing agencies. In order to meet the City's ambitious housing goals, we must attract \$3 to \$4 for every \$1 of City funds. Much of these leveraged funds come from State sources. In order to ensure that the City has access to these resources, the Department regularly meets with our State partners to discuss changes to new and existing programs and policies. The following list describes these State agencies and the programs that they administer:

- **California Tax Credit Allocation Committee (TCAC)** – TCAC administers two low-income housing tax credit programs—a Federal program and a State program. Both programs were authorized to encourage private investment in rental housing for low- and lower-income families and individuals.
- **California Debt Limit Allocation Committee (CDLAC)** – CDLAC administers the tax-exempt private activity bond program available annually for California. Agencies and organizations authorized to issue tax-exempt private activity bonds or mortgage credit certificates must receive an allocation from CDLAC.
- **State Department of Housing and Community Development (HCD)** – As California's principal housing agency, HCD implements programs to develop and preserve housing and improve the health and safety of the State's residents.
- **California Housing Finance Agency (CHFA)** – The California Housing Finance Agency provides below-market rate loans to create safe, decent, and affordable rental housing and to assist first-time homebuyers in achieving the dream of homeownership.

National League of Cities

Each year at the National League of Cities Annual Exposition in Washington DC, the City lobbies Capitol Hill representatives on specific issues. Increasing the cap for low-income housing tax credits and private activity housing bonds, the preservation of at-risk Federal-assisted housing, and homelessness have been at the top of the list of topics discussed with our elected officials.

For this annual event, the Housing Department prepares a comprehensive affordable housing lobbying packet describing San José's position on Federal housing policy and legislation. This

information is distributed to elected officials during formal meetings with the San José delegation.

California Housing Consortium

In 1997, the City's Housing Department was instrumental in creating the organization now known as the California Housing Consortium. CHC, an affiliate of the National Housing Conference (NHC), is comprised of a diverse groups of nonprofit developers, lenders, representatives from State and local government agencies, housing professionals and specialists, investors, property managers and owners, residents, and business owners. The membership reflects all segments and disciplines within the affordable housing, development, and financial communities, united in a nonpartisan effort to advance affordable housing and community development issues throughout California. The vision of CHC is to bring people together to create a united voice to advocate for affordable housing in every community.

The Housing Department has been very involved in CHC activities, chairing the Consortium from 1997-2000 and continuing to be represented on the Board of Directors since the organization was founded. CHC was very instrumental in securing State funding for affordable housing purposes last year. CHC will continue its legislative efforts both in Sacramento and Washington DC.

Key Results of Recent Legislative Efforts

- ***State Funding for Affordable Housing*** – On June 30, 2000, Governor Davis signed the State Budget that included an appropriation slightly over \$500 million for housing. This is the largest housing budget in State history. Examples of the programs funded through this appropriation, and administered by HCD, include the State's Multifamily Housing Program (MHP), the Jobs-Housing Balance Improvement Program, the CalHome Program and the Downtown Rebound Program. Department staff continues to monitor the development of these programs to take full advantage of available funding opportunities for San José.
- ***Federal Increase of Tax Credit and Private Activity Bond Caps*** – On December 15, 2000, Congress passed legislation to increase the Low Income Housing Tax Credit (LIHTCs) and Tax-Exempt Private Activity Bond cap--between 2000 and 2002 from \$1.25 to \$1.75 per capita and \$50 to \$75 per capita respectively. An inflation adjustment will be made for each year after 2002. The cap increases were part of a community renewal tax bill that was included in the omnibus appropriation bills (H.R. 4577). The City of San José anticipates benefiting from this legislation through the increased capacity for the State's tax credit and private activity bond programs.

CONCLUSION

Current and Future Focus

The following is a list of the Housing Department's legislative initiatives for the current fiscal year. The Department is committed to policy work on these and other legislative issues that may materialize during the upcoming year.

1. ***New Federal Administration*** – the Department will take steps to become better acquainted with the new Federal administration.
2. ***Increase funding for housing at State level*** – the Department will aggressively continue efforts to secure additional and increased funding for State housing programs through advocacy and ongoing dialogue with State partners, and to amend State programs to make San José projects more competitive.
3. ***CDLAC/TCAC Coordination*** – the Department will continue to work with CDLAC/TCAC to ensure that the City maximizes its ability to compete for limited bond and tax credit allocations.
4. ***New State and Federal Legislation*** – Department staff will continue working with the Office of Intergovernmental Relations and City lobbyists to review and respond to housing legislation introduced that significantly impacts San José.
5. ***Construction Defect Litigation*** – As directed by the City Council, the Department will monitor and support State legislation that reduces the construction defect time limit.
6. ***Review of Formula Allocation*** – Department staff is conducting an analysis of formula allocations utilized for Federal housing programs. The purpose of this effort is to review existing formula structures to determine if adjustments or improvements can be made to improve San José's allocation for programs such as CDBG and the HOME Investment Partnership Program.
7. ***Redevelopment Agency Bills Impact Housing*** – Department staff will monitor State legislation introduced during the current session relating to Redevelopment Agency activities and respond, as appropriate, to those impacting housing. Of particular concern is legislation regarding the City's ability to borrow for affordable housing past 2004.
8. ***State Low-Income Housing Tax Credit*** – the Department will monitor and support legislation to increase the maximum aggregate dollar amount for State low-income housing tax credits. A recently introduced bill proposes increasing amount from \$50 million to \$70 million.

HONORABLE MAYOR AND CITY COUNCIL

February 15, 2001

Subject: Department of Housing's Legislative Program

Page 5

Please do not hesitate to contact me at x5817 or Leslye Corsiglia, Assistant Director of Housing, at x3863 if you have any questions or would like to further discuss the Housing Department's legislative efforts.

A handwritten signature in black ink, appearing to read "Sanchez", with a stylized flourish at the end.

ALEX SANCHEZ
Director of Housing